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PEOPLE'S PRESS.

SALEM, N. C.

THURSDAY, DECEMBER 17, 1863.

☞ President Davis' Message takes up the greater portion of our sheet this week. We omit that portion devoted to foreign relations. The President says the action of European nations towards the Confederate States, "has in some cases assumed a character positively unfriendly." We have not room for comment. Read and judge for yourselves.

The scheme of the Secretary of the Treasury for the relief of the Finances of the government and the improvement of the Confederate currency, and a sketch of the Report of the Secretary of War, will be found in this paper.

Knowing ones think that the plan of the Secretary of the Treasury will not relieve the country but add to its embarrassments. The announcement of the Secretary of War that the soldiers who have enlisted for three years cannot be discharged at the expiration of their term, is certainly a breach of faith.

☞ Our military authorities have decided that no more goods from the North, for the Yankee prisoners in our hands shall be received, and have so informed the Federal authorities; and are told that their prisoners in our hands shall receive the same rations as our soldiers in the field.

Mr. Walter J. Jones, of Caswell County, and Mr John C. Conrad, of Yadkin County, have been examined by the Supreme Court in Chambers, and admitted to the practice of the law in the County Courts of this State.—*Standard.*

The Legislature.

This body adjourned on Monday last, after a session of 21 days, to meet again on the 3rd Tuesday in May. We have the Captions of the proceedings before us, but as they are so brief, mostly without explanations, we doubt whether they would interest our readers, had we space for them this week. We will publish the list next week.

We have not yet the new Home Guard bill, as finally amended and passed, but believe the Guard is liable to be called out in their respective counties and the adjacent counties. We will publish this and other important acts passed as early as possible.

An act concerning impressments was passed; also appropriating $1,650,000 for the military establishment of the State; $1,000,000 for the relief of the wives and families of soldiers in the army; an act to provide a possible deficiency in the Treasury, authorizes an issue of State Bonds, a sale of State Treasury notes, or both, to the amount of $2,000,000, &c.

A NEW JUDGE.—The Legislature has elected Hon. Edwin G. Reade, of Person County, a Superior Court Judge, in place of Judge Bailey, resigned

Confederate Congress.

Much business is likely to come before the Confederate Congress. The Currency and the Exemption bills will doubtless undergo great changes. The Secretary of War and the President recommended the placing all principals of substitutes in the ranks, and a reduction of the number of exempts.

Both Houses have passed a bill prohibiting substitutes in the army in future, and repealing all laws on the subject.

The Senate Committee on Military Affairs reported a bill that all white men, between 16 and 55, be declared in the Military service, all between 16 and 18 and 45 and 55 belong to the reserve corps, and between 18 and 45 for field service. It repeals all laws granting exemptions and none hereafter are to be exempt, except those unfit for military service; Ministers of the gospel, Superintendents of Asylums, one Editor to each newspaper, Printers, Physicians, Apothecaries

This bill will be taken up and acted on in regular order.

NORTHERN CONGRESS.—The Northern Congress, assembled in Washington, on the 7th.

Colfax of Illinois was elected Speaker. He avowed himself in favor of prosecuting the war to the crushing of the rebellion.

The Senators of Western Virginia were admitted to seats.

A synopsis of Lincoln's Message will be found in this issue. We will publish it in full next week, or at least the most important part, should we not find space for the whole.

☞ Last Thursday, the day set apart by the Governor, for humiliation, fasting, and prayer, was observed by Divine worship. Bishop Babnson preached an excellent sermon.

The report of the Federal Secretary of War states the Yankees have 40,000 rebel prisoners; the rebels 13,000 Yankee prisoners.—The Yankee conscript law has been enforced in twelve States, and brought 50,000 men into the field and $10,000,000 of substitute money in the treasury. He says the reports of the armies indicate that a large proportion will reenlist if given furloughs one month before their term expire.

NEWS OF THE WEEK.

The following summary embraces the news since our last:

Dates from Dalton, Georgia, to the 11th state that the enemy are at Chickamanga, and have pickets at Missionary Ridge. The indications are apparent that it is their intention to go into winter quarters in Tennessee, and send thirty thousand men to Virginia to act under Grant, who it is stated is to take the place of Meade.

General Longstreet was at Watauga river, near Kingsport, at the latest dates, making his way towards Abingdon.

It is stated that the commands of Ransom and Vance have been consolidated, and Vaughan's command has also succeeded in joining the main body.

LATEST.—The main body of Longstreets army remained at Rogersville where Gen. Longstreet has his headquarters.

Large droves of hogs are being gathered in East Tennessee by our Cavalry.

An accidental fire occurred at Fort Sumpter on the 12th but was extinguished without doing much damage. Casualties ten killed and thirty wounded.

Two companies of Confederates were captured in New Kent Co, Va., by the Yankees

General Price is reported as marching upon Little Rock, Arkansas, at the head of 40,000 men.

Nothing new from Gen. Lee.

Gen. Morgan it is believed had made his escape to Virginia. His whereabouts not known.

FROM THE NORTH.

A BOLD AFFAIR.—The steamer Chesapeake, from New York, to Portland, with a cargo valued at $180,000, was taken possession of on Monday the 7th inst., some 20 miles from Cape Cod, by sixteen rebels who entered her, as passengers, at New York. The Captain was put in irons, and several of the crew shot, one killed and the rest wounded The Captain and crew were landed at Partridge Island. The vessel then put to sea.

Lincoln's Message.

The first part of the message briefly adverts to the maintainance of neutrality by England and France, the rights of aliance, and other minor subjects.

In regard to finances he says the receipts from all sources were nine hundred and one millions, and the disbursements eight hundred and ninety five millions

Since the emancipation proclamation was issued, the rebel borders have been pressed further back by the complete opening of the Mississippi, and the country dominated by rebellion divided into two distinct parts. Tennessee and Arkansas have been cleared of insurgent control and influential citizens in each declare openly for emancipation.

Of those who were slaves, at the beginning of the rebellion, one hundred thousand are now in the United States military service, and who are as good soldiers as any Emancipation measures have improved the tone of the public sentiment.—Both abroad and at home they have been fully discussed, supported and denounced. The recent elections, however, were highly encouraging to the Administration.

Looking to an early resumption of the national authority in the rebel States, he has issued a proclamation in which it is believed that nothing is attempted beyond what is justified by the Constitution. A form of oath is given but no man is coerced to take it. The constitutionality and expediency of the proclamation accompanying the oath are discussed at some length. Lincoln says that while he remains in his present position he shall not attempt to retract or modify his emancipation proclamation, nor shall he return to slavery any person made free by the terms contained in that proclamation, or by any acts of Congress.

A proclamation is appended to the message. The preamble refers to the power of the President to grant reprieves and pardons; to the existence of the rebellion; to treason in the several States and to the laws of Congress and the proclamations of the President confiscating property and liberating slaves, and finally to the desire that persons heretofore engaged in said rebellion may resume alt allegiance to the United States, and assist in the reorganization of the loyal State Governments. Therefore it is proclaimed that full pardon be granted to all participants in the rebellion with a restoration of the rights of property, except slaves, upon condition that they take an oath, the form of which is presented, to faithfully support the Constitution of the United States and all the acts of Congress and the proclamation of the President in reference to slaves, until modified or declared void. All prominent officials of the Confederate Government, officers of the army above the rank of Colonel, and others mentioned, are excepted from the benefit of this pardon. He further proclaims that whenever one-tenth of the qualified voters of any State in rebellion, after taking said oath, shall re-establish their State Government, it shall be recognized as the true Government of said State.

Lincoln says war power is still his main dependence.

RECOMMENDATIONS OF THE SECRETARY OF THE TREASURY FOR THE RELIEF OF THE CURRENCY.

In his report to Congress, the Secretary of the Treasury makes the following recommendations for the improvement of the currency, which, through his incompetence and mismanagement, has been brought almost to ruin:

1. "That Congress forthwith authorize a loan of $1,000,000,000 in six per cent. bonds, the principal payable in twenty years, the interest semi annually; to be extended hereafter, from time to time, so as to consolidate the whole public debt.

3 "That the Secretary of the Treasury be authorized to sell at par as many of the said bonds as will be sufficient to take up the outstanding currency and to pay the appropriations made by Congress.

3. "That deposits of Treasury notes on account of the said loan may be received at the Treasury or any of its depositories, or by commissioners to be appointed; said deposits to be in sums of one hundred dollars, or in sums of which one hundred is a perfect divisor.

4 "Certificates shall be issued for such deposits, which shall entitle the holder to bonds for the amount, with interest from the date of deposit. If the deposit be made in the month of January, the bonds issued for the same shall be exempt from the tax of five per cent for the present year, hereinafter mentioned; if made in the month of February, they shall be exempt from one half of the tax; and if made in the month of March, they shall be exempt from one fourth of the said tax. Officers, soldiers, and seamen in service, shall be entitled to exemption from the whole tax for sums paid at any time before April 1, 1864.

5. "A tax of 5 per cent. shall be imposed on all property and credits (other than the new issue of notes hereinafter mentioned) which may be held on the 1st of April next, to be paid on the 1st of July, "one half in Treasury notes and one half in coin, or in the coupons of the bonds issued for the loan.

6 "In case the coupons should advance in the market to a premium exceeding 25 per cent, any tax payer shall be permitted to pay his tax in Treasury notes of the new issue, with 25 per cent. added.

7. "Within six months a new and improved issue shall be made of two hundred millions of Treasury notes in substitution for that amount of old issues, and all the old issues shall be cancelled, and the faith of the Government is pledged not to increase said issues

8 "Notice shall be given to holders of Treasury notes, (other than the said two hundred millions,) requiring them to present their notes at the Treasury, or at some of the depositories, on or before the 1st day of April next, and receive payment thereof in bonds of the said consolidated loan, or in default thereof the notes not so brought in shall cease to be current or receivable at the Treasury for dues, but shall remain evidences of the debt payable by the Confederate States according to their tenor.

9 "In the States beyond the Mississippi the time mentioned in the last clause shall be extended until the 1st day of July

10 "Six months more shall be allowed all holders of Treasury notes to come in and register and verify their notes as demand against the Treasury, and exchange the same for a certificate of debt; or if they prefer to keep the notes, the name of the holder shall be endorsed thereon, after which said notes shall be negotiable only by special assignment, and all notes not so registered within the same time shall be barred from any further claim on the Government

11. "Any holder of a bond of the Confederate States may convert the same into one of the bonds under this loan; the 8 per cent. bonds at par, and the others at a proportionate rate; and the loan shall be extended so as to absorb all bonds which may be offered in exchange

12 "The interest coupons of this loan shall be held equivalent to specie in all future dealings of the Government, and shall be accepted in payment of any tax hereafter made payable in coin.

13 "The faith of the Government is pledged to make adequate provision for the payment of the principal and interest of the said loan by the continuance of the tax mentioned in Article 5, until a census shall be taken, after which like provision shall be made by direct taxes or by duties on imports and exports

14. "The notes of denominations under five dollars shall not be affected by the provisions of this scheme."

RECOMMENDATIONS OF THE SECRETARY OF WAR.

The report of the Secretary of War is too long for us to publish it in full. We give a synopsis of his recommendations:

The Secretary refers to the operations of the army in its several departments, and says that the campaign in Mississippi was certainly disastrous It is difficult to resist the impression that its disasters were not inevitable. That a Court of Enquiry, to investigate the whole campaign, met in Atlanta in September, but in consequence of the vicinity of the enemy requiring the presence of witnesses and judges at other points, it has been temporarily suspended It is expected soon to re-assemble.—A deficiency of resources in men and provisions, rather, than reverses in battle, caused the withdrawal of the army to Middle Tennessee. He alludes to desertion, straggling and absenteeism, and says that the effective force of the army is but little over half or two-thirds of the men whose names are on the muster rolls. He recommends the repeal of the substitute and exemption provisions, and that all having substitutes be put back into the field, and that the privileges which Congress granted to put in substitutes can be regularly and constitutionally abrogated by the same power.—He says that no compact was entered into between the Government and the person furnishing a substitute, as has been alleged, but only a privilege which Government accorded. Instead of complaining of such abrogation, the person ought to feel gratified at what has heretofore been allowed him. He recommends an abridgment of exemptions and the conscription of them all, making details according to the wants of society, at home. He says that the three years men, when their terms expire, cannot be finally discharged, and should be retained, allowing, them to choose the existing company under its present organization, in the same arm of the service. He recommends the consolidation of such companies and regiments as are reduced below a certain complement.—He pays glowing tribute to the heroism, endurance and unfaltering devotion of the soldiers, and of the lamented dead who yielded their lives as sacrifices upon the alter of Liberty, and closes by saying that our very reverses, showing a united and determined endurance of everything for independence, must convince the enemy of the futility of his efforts to subdue us.

BANK STOCK.

CAPE FEAR AND STATE BANK STOCK to exchange for Grain. Apply at this offices.

FOR SALE,

A CARRIAGE—A BUGGY—A SADDLE AND BRIDLES.

Inquire at the POST OFFICE.

Nov. 19–tf.

APPOINTMENTS OF THE PREACHERS OF THE N. C. CONFERENCE OF THE METHODIST EPISCOPAL CHURCH SOUTH FOR THE ENSUING YEAR.

RALEIGH DISTRICT—N. E. Reid, P. E

Station—Braxton Craven, W. H. Wheeler, nom; City Mission, Alex R Raven; Colored Chapel, Wm. E. Pell; Circuit, G. P. Moore. Louisburg, T. W Guthrie; Tar River, T. P Ricaud; Person, Jno Tillett; Hillsboro', Wm. C Wilson,—Circuit, Wm. M. Jordan, W. Harris, nom.; Gen. Miss. to D'p't of N. C., Wm Closs; Do. to Cape Fear, Jno. N. Andrews; Missionary Chaplain to Lowe's Brigade, J. J. Hines; Do. to Clingman's, J. B Alford; Do. to Lane's, to be supplied.

Chaplain to 12th Regiment N. C. Troops, Jeffrey H Robbins; 23d, Franklin H Wood; 30th, A D Betts; 44th, Rob'd S Webb; 46th, E C Dodson; 48th, Calvin Pyles; 50th, to be supplied; 32d, Wm B Richardson; 7th Confederate Cavalry, Jno D Bain.

GREENSBORO' DISTRICT—Peter Doub, P. E.

Greensboro', J W Tucker; Guilford, Zebedee Rush; Forsyth—one to be supplied—D W Doub, C M Anderson, nom; Winston, John W Jenkins; Stokes, R N T Stevenson, S H Hickerbeck; Madison, James E Mann; Wentworth, Wm C Gannon; Yanceyville, Paul G Carraway; Leasburg, James P Simpson; Agent for Greensboro' Female College, Jno S Long; R P Heflin, Transferred to Texas Conference; Marquis L Wood, Miss. to China.

TRINITY COLLEGE DISTRICT.—Wm Barringer, P. E.

Trinity College and High Point, Jno W Lewis; Ashboro', Charles H Pritchett; Franklinsville, Isham H Hill, Thaddeus L Troy, nom.; Uharrie, Isaac F Keerans; Davidson, C M Pepper; Thomasville and Lexington, N H D Wilson; South Guilford, Caswell W King; Alamance, Wm H Barnes.

SALISBURY DISTRICT—Ira T Wyche, P E Salisbury. David R Bruton; Rowan, Jesse A Cunningim; East Rowan, Jno R Brooks; Mocksville, Robert G Barrett; Iredell, W D Meacham, W W Albea, nom; South Iredell, Lawrence F Way; Alexander, Carson Parker; Jonesville James F Smoot; Wilkes, Thos S Triplett; Surry—to be supplied; Elkin, M P Sherrill; Saurratown—to be supplied; Statesville, James B Bobbitt, C P Jones, nom.

WASHINGTON DISTRICT—L L Hendren, P E

[Washington—Avent Chapel; Bath; Mattamuskeet, Neuse, Columbia; Portsmouth, Ocracoke and Hatteras; and Plymouth—to be supplied] Roanoke, T B Kingsbury, N A H Goddin, nom; Warren, Lemon Shell, T B Reeks, supernumerary. B F Long, nom.; Warrenton, Jno B. Williams; Henderson, Jos H Wheeler, James Reid, nom; Greenville, Theophilus W Moore; Nashville, Moses J Hunter; Tarboro', Elvin A Yates; Greenville, E A Wilson.

NEWBERN DISTRICT—C F Deems, P. E

[Newbern—Centenary, Andrew Chapel; Newbern Circuit—to be supplied; Trent, Wm F Clegg; Beaufort—Ann St, John Jones; Purvis Chapel, Straits, Cape Lookout, Morehead City—to be supplied; Jones Mission, Wm M Walsh; Kinston and Lenoir, Nathan A Hooker; Snow Hill, Jos Wheeler; Wilson, Jas W, Wheeler; Goldsboro', A W Mangum; Everettsville, Dungan C Johnson, Geo W Dennis nom; Smithfield, L S Burkhead, Commissioner, B B Culbreth; Agent for the Soldiers' Tract Association, M C Thomas; L W Martin, in the lines of the enemy.

WILMINGTON DISTRICT—D B Nicholson, P. E.

Wilmington—Front Street, R S Moran, 5th Street Mission, S D Peeler; Topsail and North Hanover, Wm H Moore; Onslow, Wm. Alexander Smith; Duplin and Magnolia, Jos B Thomas; Sampson, Wesley M Roby, Daniel Culbreth, nom.; Bladen, Jas B Bayley; South River Mission, Robert P Bibb; Elizabethtown, Samuel M Frost; Whitesville, Jonathan H. Dally; Smithville, Thomas J Gattis, W M D Moore, nom.; Cape Fear Mission to be supplied.

FAYETTEVILLE DISTRICT—W H Bobbitt, P. E.

Fayetteville, H T Hudson—Evans Chapel to be supplied; Fayetteville Circuit, Jno W Tinnin; Cape Fear, W S Chaffin, Gaston Farrar, nom; Haw River, Jos B Martin; Pittsboro', Oscar J Brent; Deep River, S D Adams, T C Moses, nom.; Rockingham, H H Gibbons; Montgomery, Isaac W Avent; Troy, George E Wyche; Robeson, P H Scoville; Chapel Hill, Rob't A Williss.

The next Conference will be held at Mocksville, Davie County, N. C.

War Tax!

I WILL attend at my office, at home on Monday the 11th and until Saturday the 16th January.
At Winston, Monday and Tuesday, 18th & 19th Jan.
At Walnut Cove, Wednesday the 20th January.
At Danbury, Thursday and Friday 21st and 22nd Jan for the purpose of all concerned to register and pay their taxes Wholesale and retail dealers (of every description) Pedlers, Physicians, Surgeons, Lawyers, Distillers, Tobacconists, Dentists, Hotels, Taverns Bankers, Bakers, Butchers, &c

Also for the purpose of collecting such taxes as may then be due, on Cattle, Mules, Horses, Gross Sales and Income Tax, &c.

All persons failing to attend, register and pay their taxes as the law directs, will be subject to the penalty imposed, and it will be enforced without regard to persons or property.

Any person, dealer or merchant, &c., can register at my office from the 1st to the 11th of Jan'y, 1864.

WILL. FLYNT.

dec. 17–3t.] War Tax Collector, 38th District.

Sale of Grain, &c.

ON SATURDAY the 19th inst., I will sell at public auction, on the premises, the rent CORN on Hampton Bynum's plantation on Town-fork, supposed to be 100 barrels; also some BRANDY and HAY.

A credit of 12 months will be given, the purchaser giving bond and good security.

J. W. DAVIS, C. M. E

Dec. 10, 1863. 32-tds

NOTICE.

AS my wife Lucy has left me without a just cause, I forewarn all persons from harboring her, or trading with her on my account, as I will not be accountable for any debts she may contract.

WILLIAM MARSHALL.

Forsyth Co, N. C., Dec. 10, 1863.

PRESIDENT'S MESSAGE.

To the Senate and House of Representatives of the Confederate States:

The necessity for legislative action, arising out of the important events that have marked the interval since your adjournment, and my desire to have the aid of your counsel on other matters of grave public interest, render your presence at this time more than ordinarily welcome. Indeed, but for serious obstacles to convoking you in extraordinary session, and the necessity for my own temporary absence from the seat of government, I would have invited you to an earlier meeting than that fixed at the date of your adjournment.

Grave reverses befell our arms soon after your departure from Richmond. Early in July, our strongholds at Vicksburg and Port Hudson, together with their entire garrisons, capitulated to the combined land and naval forces of the enemy. The important interior position of Jackson next fell into their temporary possession. Our unsuccessful assault on the post at Helena, was followed at a later period by the invasion of Arkansas; and the retreat of our army from Little Rock gave to the enemy the control of the important valley in which it is situated.

The resolute spirit of the people soon rose superior to the temporary despondency naturally resulting from these reverses. The gallant troops, so ably commanded in the States beyond the Mississippi, inflicted repeated defeats on the invading armies in Louisiana and on the coast of Texas Detachments of troops and active bodies of partisans kept up so effective a war on the Mississippi river as practically to destroy its value as an avenue of commerce.

The determined and successful defence of Charleston against the joint land and naval operations of the enemy afforded an inspiring example of our ability to repel the attacks even of the iron clad fleet on which they chiefly relied; while on the northern frontier our success was still more marked.

The able commander, who conducted the campaign in Virginia, determined to meet the threatened advance on Richmond, for which the enemy had made long and costly preparations, by forcing their armies to cross the Potomac and fight in defence of their own capital and homes. Transferring the battle field to their own soil, he succeeded in compelling their rapid retreat from Virginia, and in the hard fought battle of Gettysburg inflicted such severity of punishment as disabled them from an early renewal of the campaign as originally projected.—Unfortunately, the communications on which our general relied for receiving his supplies of munitions, were interrupted by extraordinary floods, which so swelled the Potomac as to render impassable the fords by which his advance had been made, and he was thus forced to a withdrawal, which was conducted with deliberation, after securing large trains of captured supplies, and with a constant and unaccepted tender of battle. On more than one occasion the enemy has since made demonstrations of a purpose to advance, invariably followed by a precipitate retreat to entrenched lines on the approach of our forces.

The effective check thus opposed to the advance of the invaders at all points, was such as to afford hope of their early expulsion from portions of the territory previously occupied by them, when the country was painfully surprised by the intelligence that the officer in command of Cumberland Gap had surrendered that important and easily defensible pass without firing of a shot, upon the summons of a force still believed to have been inadequate to its reduction, and when reinforcements were within supporting distance and had been ordered to his aid. The entire garrison, including the commander, being still held prisoners by the enemy, I am unable to suggest any explanation of this disaster, which laid open East Tennessee and Southwestern Virginia to hostile operations, and broke the line of communication between the seat of government and Middle Tennessee

This easy success of the enemy was followed by an advance of Gen Rosecrans into Georgia, and our army evacuated Chattanooga and availed itself of the opportunity thus afforded of winning on the field of Chickamauga, one of the most brilliant and decisive victories of the war. This signal defeat of Gen. Rosecrans was followed by his retreat into Chattanooga, where his imperilled position had the immediate effect of relieving the pressure of the invasion at other points, forcing the concentration, for his relief, of large bodies of troops withdrawn from the armies in the Mississippi Valley and in Northern Virginia The combined forces thus accumulated against us in Tennessee so greatly outnumbered our army as to encourage the enemy to attack. After a long and severe battle, in which great carnage was inflicted on him, some of our troops inexplicably abandoned a position of great strength, and by a disorderly retreat, compelled the commander to withdraw the forces elsewhere successful, and finally to retire with his whole army to positions some twenty or thirty miles to the rear. It is believed that if the troops who yielded to the assault, had fought with the valor which they had displayed on previous occasions, and which was manifested in this battle on the other parts of the line, the enemy would have been repulsed with very great slaughter, and our country would have escaped the misfortune, and the army the mortification of the first defeat that has resulted from misconduct by the troops. In the meantime, the army of Gen. Burnside was driven from all its field positions in Eastern Tennessee, and forced to retreat into its entrenchments at Knoxville, where, for some weeks, it was threatened with capture by the forces under Gen Longstreet. No information has reached me of the final result of the operations of our commander, though intelligence has arrived of his withdrawal from that place.

While, therefore, our success in driving the enemy from our soil has not equalled the expectations confidently entertained at the commencement of the campaign, his progress has been checked. If we are forced to regret losses in Tennessee and Arkansas, we are not without ground for congratulation on success in Louisiana and Texas. On the sea coast he is exhausted by vain efforts to capture our ports, while on the northern frontier he has in turn felt the pressure and dreads the renewal of invasion. The indomitable courage and perseverence of the people in the defence of their homes have been nobly attested by the unanimity with which the Legislatures of Virginia, North Carolina and Georgia have recently given expression to the popular sentiment; and like manifestations may be anticipated from all the States. Whatever obstinacy may be displayed by the enemy, in his desperate sacrifices of money, life, and liberty in the hope of enslaving us, the experience of mankind has too conclusively shown the superior endurance of those who fight for home, liberty and independence to permit any doubt of the result.

FINANCES.

The state of the public finances is such as to demand your earliest and most earnest attention. I need hardly say that a prompt and efficacious remedy for the present condition of the currency is necessary to the successful performance of the functions of government. Fortunately, the resources of our country are so ample, and the spirit of our people so devoted to its cause, that they are ready to make any necessary contribution Relief is thus entirely within our reach, if we have the wisdom to legislate in such a manner as to render available the means at our disposal.

At the commencement of the war, we were far from anticipating the magnitude and duration of the struggle in which we were engaged. The most sagacious foresight could not have predicted that the passions of the Northern people would lead them blindly to the sacrifice of life, treasure and liberty, in so vain a hope as that of subjugating thirteen independent States, inhabited by many millions of people, whose birthright of freedom is dearer to them than life. A long exemption from direct taxation by the general government had created an aversion to its raising revenue by any other means than by duties on imports, and it was supposed that these duties would be ample for current peace expenditures, while the means for conducting the war could be raised almost exclusively by the use of the public credit.

The first action of the Provisional Congress was, therefore, confined to passing a tariff law, and to raising a sum of fifteen millions of dollars by loan, with a pledge of a small export duty on cotton to provide for the redemption of the debt.

At its second session, war was declared to exist between the Confederacy and the United States, and provision was made for the issue of twenty millions of dollars in treasury notes, and for borrowing thirty millions of dollars on bonds. The tariff was revised, and preparatory measures taken to enable the Congress to levy internal taxation at its succeeding session. These laws were passed in May, and the States of Virginia, North Carolina, Tennessee and Arkansas having joined the Confederacy, the Congress adjourned to meet in the City of Richmond, in the following month of July.

Prior to the assembling of your predecessors in Richmond, at their third session, near the end of July, 1861, the President of the United States had developed in his message the purpose "to make the contest a short and decisive one," and had called on Congress for 400,000 men and four hundred millions of dollars. The Congress had exceeded the Executive recommendation, and had authorized the levy of half a million of volunteers, besides largely increasing the regular land and naval forces of the United States. The necessity thus first became urgent that a financial scheme should be devised on a basis sufficiently large for the vast proportions of the contest with which we were threatened. Knowing that the struggle, instead of being "short and decisive," would be indefinite in duration, and could only end when the United States should awaken from their delusion of conquest, a permanent system was required fully adapted to the great exigencies before us.

The plan devised by Congress at that time was based on the theory of issuing treasury notes, convertible at the pleasure of the holder into eight per cent. bonds, the interest of which was to be payable in coin, and it was correctly assumed that any tendency to depreciation that might arise from over issue of the currency, would be checked by the constant exercise of the holder's right to fund the notes at a liberal interest, payable in specie. This system depended for success on the continued ability of the government to pay the interest in specie, and means were, therefore, provided for that purpose in the law authorizing the issues. An internal tax, termed a war tax, was levied, the proceeds of which, together with the revenue from imports, were deemed sufficient for the object designed.—This scheme required for its operation that our commerce with foreign nations should not be suspended. It was not to be anticipated that such suspension would be permitted otherwise than by an effective blockade; and it was absurd to suppose that a blockade "sufficient really to prevent access" to our entire coast, could be maintained.

We had the means, therefore, (if neutral nations had not combined to aid our enemies by the sanction of an illegal prohibition on their commerce,) to secure the receipt into the Treasury of corn sufficient to pay the interest on the bonds, and thus maintain the Treasury notes at rates nearly equal to par in specie. So long as the interest continued to be thus paid with the reserve of coin pre existing in our country, experience sustained the expectations of those who devised the system. Thus, on the first of the following December, coin had only reached a premium of about twenty per cent. although it had already become apparent that the commerce of the country was threatened with permanent suspension by reason of the conduct of neutral nations, and that the necessary result must be the exhaustion of our specie reserve. Wheat, in the beginning of the year 1862, was selling at one dollar and thirty cents per bushel, not exceeding, therefore, its average price in time of peace. The other agricultural products of the country were at similar moderate rates, thus indicating that there was no excess of circulation, and that the rate of premium on specie was heightened by the exceptional causes which tended to its exhaustion without the possibility of renewing the supply.

This review of the policy of your predecessors is given in justice to them, and it exhibits the condition of the finances at the date when the permanent government was organized.

In the meantime the popular aversion to internal taxation by the general government had influenced the legislation of the several States, and in only three of them, South Carolina, Mississippi and Texas, were the taxes actually collected from the people. The quotas devolving upon the remaining States had been raised by the issue of bonds and State Treasury notes, and the public debt of the country was thus actually increased instead of being diminished by the taxation imposed by Congress.

Neither at the first nor second session of the present Congress were means provided by taxation for maintaining the government, the legislation being confined to authorising further sales of bonds and issues of treasury notes. Although repeated efforts were made to frame a proper system of taxation, you were confronted with an obstacle which did not exist for your predecessors, and which created grave embarrassment in devising any scheme of taxation. About two thirds of the entire taxable property of the Confederate States consist of lands and slaves. The general power of taxation vested in Congress by the provisional Constitution, (which was to be only temporary in its operation,) was not restricted by any other condition than that "all duties, imposts and excises should be uniform throughout the States of the Confederacy." But the permanent Constitution sanctioning the principle that taxation and representation ought to rest on the same basis, specially provides that "representatives and direct taxes shall be apportioned among the several States according to their respective numbers, which shall be determined by adding to the whole number of free persons, including those bound to service for a term of years and excluding Indians not taxed, three-fifths of all slaves."

It was further ordered that a census should be made within three years after the first meeting of the Congress, and that "no capitulation or other direct tax shall be laid, unless in proportion to the census or enumeration hereinbefore directed to be taken."

It is plain that under these provisions, capitation and direct taxes must be levied in proportion to the census when made. It it is also plain that the duty is imposed on Congress to provide for making a census prior to the 22d February, 1865. It may further be stated that according to the received construction of the Constitution of the United States, (a construction acquiesced in for upwards of sixty years,) taxes on lands and slaves are direct taxes, and the conclusion seems necessarily to be that, in repeating, without modification, in our Constitution, this language of the Constitution of 1787, our convention intended to attach to it the meaning which had been sanctioned by long and uninterrupted acquiescence.

So long as there seemed to be a probability of being able to carry out these provisions of the Constitution in their entirety, and in conformity with the intentions of its authors, there was an obvious difficulty in framing any system of taxation. A law which should exempt from the burthen two-thirds of the property of the country would be as unfair to the owners of the remaining third as it would be inadequate to meet the requirements of the public service.

The urgency of the need was such, however, that, after very great embarrassment, and more than three months of assiduous labor you succeeded in framing the law of the 24th April, 1863, by which you sought to reach, so far as was practicable, every resource of the country except the capital invested in real estate and slaves, and by means of an income tax and a tax in kind on the products of the soil, as well as by licenses on business occupations and professions, to command resources sufficient for the wants of the country. But a very large proportion of these resources could only be made available at the close of the present and the commencement of the ensuing year, while the intervening exigencies permitted no delay. In this state of affairs, superinduced almost unavoidably by the fortunes of the war in which we are engaged, the issues of treasury notes have been increased until the currency in circulation amounts to more than six hundred millions of dollars, or more than threefold the amount required by the business of the country.

I need not enlarge upon the evil effects of this condition of things. They are unfortunately but too apparent. In addition to the difficulty presented to the necessary operations of the government, and the efficient conduct of the war, the most deplorable of all its results is undoubtedly its corrupting influence on the morals of the people. The possession of large amounts of treasury notes has naturally led to a desire for investment, and with a constantly increasing volume of currency, there has been an equally constant increase of price in all objects of investment. This effect has stimulated purchase by the apparent certainty of profit, and a spirit of speculation has thus been fostered, which has so debasing an influence, and such ruinous consequences, that it is our highest duty to remove the cause, and no measures directed to that end can be too prompt or too stringent.

Reverting to the constitutional provisions already cited, the question recurs whether it be possible to execute the duty of apportioning taxation in accordance with the census ordered to be made as a basis. So long as this appeared to be practicable, none can deny the propriety of your course in abstaining from the imposition of direct taxes till you could exercise the power in the precise mode pointed out by the terms of the fundamental law. But it is obvious that there are many duties imposed by the Constitution which depend for their fulfillment on the undisturbed possession of the territory within which they are to be performed. The same instrument which orders a census to be made in all the States, imposes the duty on the Confederacy "to guarantee to every State a republican form of government." It enjoins on us "to protect each State from invasion," and while declaring that its great objects and purposes are "to establish justice, ensure domestic tranquility and secure the blessings of liberty to ourselves and our posterity," it confers the means and thereby imposes on us the paramount duty of effecting its intent, by "laying and collecting taxes, duties, imposts and excises, necessary to pay the debts, provide for the common defence, and carry on the government of the Confederate States."

None would pretend that the Constitution is violated because by reason of the presence of hostile armies, we are unable to guarantee a republican form of government to those States or parts of States now temporarily held by the enemy, and as little justice would there be in imputing blame for the failure to make the census, when that failure is attributable to causes not foreseen by the authors of the constitution and beyond our control. The general intent of our constitutional charter is unquestionably that the property of the country is to be taxed in order to raise revenue for the common defence, and the special mode provided for levying this tax is impracticable from unforeseen causes. It is, in my judgement, our primary duty to execute the general intent expressed by the terms of the instrument which we have sworn to obey, and we cannot excuse ourselves for the failure to fulfill this obligation on the ground that we are unable to perform it in the precise mode pointed out. Whenever it shall be possible to execute our duty in all its parts, we must do so in exact compliance with the whole letter and spirit of the Constitution.—Until that period shall arrive, we must execute so much of it as our condition renders practicable. Whenever the withdrawal of the enemy shall place it in our power to make a census and apportionment of direct taxes, any other mode of levying them will be contrary to the will of the law giver, and incompatible with our obligation to obey that will; until that period, the alternative left is to obey the paramount precept and to execute it according to the only other rule provided, which it to "make the tax uniform throughout the Confederate States."

The considerations just presented are greatly enforced by the reflection that any attempt to apportion taxes amongst States, some of which are wholy or partially in the occupation of hostile forces, would subvert the whole intention of the framers of the Constitution, and be productive of the most revolting injustice, instead of that just correlation between taxation and representation which it was their purpose to secure. With large portions of some of the States occupied by the enemy, what justice would there be in imposing on the remainder the whole amount of the taxation of the entire State in proportion to its representation?—What else would this be in effect than to increase the burthens of those who are the heaviest sufferers by the war, and to make our own inability to perfect them from invasion, as we are required to do by the Constitution, the ground for adding to their losses by an attempted adherence to the letter, in violation of the spirit of that instrument? No such purpose could have been entertained, and no such result contemplated by the framers of the Constitution. It may add weight to these considerations if we reflect, that although the Constitution provided that it should go into operation with a representation temporarily distributed among the States, it expressly ordains, after providing for a census within three years, that this temporary distribution of representative power is to endure "until such enumeration shall be made." Would any one argue that, because the census cannot be made within the fixed period, the government must, at the expiration of that period, perish for want of a representative body? In any aspect in which the subject can be viewed, I am led to the conclusion already announced, and which is understood to be in accordance with a vote taken in one or both Houses at your last session.

I shall, therefore, until we are able to pursue the precise mode required by the Constitution, deem it my duty to approve any law levying the taxation which your are bound to impose for the defence of the country, in any other practicable mode which shall distribute the burthen uniformly and impartially on the whole property of the people.

In your former legislation you have sought to avoid the increase in the volume of notes in circulation, by offering inducements to voluntary funding. The measures adopted for that purpose have been but partially successful, and the evil has now reached such a magnitude as to permit no other remedy than the compulsory reduction of the currency to the amount required by the business of the country. This reduction should be accompanied by a pledge that under no stress of circumstances will that amount be exceeded. No possible mode of uesing the credit of the government can be so disastrous as one which disturbs the basis of all exchanges, renders impossible all calculations of future values, augments, in constantly increasing proportions, the price of all commodities, and so depreciates all fixed wages, salaries and incomes, as to render them inadequate to bare subsistence. If to these be added the still more fatal influence on the morals and character of the people, to which I have already adverted, I am persuaded, you will concur in the conclusion that an inflexible adherence to a limitation of the currency at a fixed sum is an indispensable element of any system of finance now to be adopted.

The holders of the currency now outstanding can only be protected in the recovery of their just claims, by substituting for their notes some other security. If the currency is not greatly and promptly reduced, the present scale of inflated prices will not only continue to exist, but by the very fact of the large amounts thus made requisite in the conduct of the war, those prices will reach rates still more extravagant, and the whole system will fall under its own weight, thus rendering the redemption of the debt impossible, and destroying the whole value in the hands of the holder. If on the contrary, a funded debt, with interest secured by adequate taxation can be substituted for the out standing currency, its entire amount will be made available to the holder, and the government will be in a condition enabling it, beyond the reach of any probable contingency, to prosecute the war to a successful issue. It is, therefore, demanded, as well by the interests of the creditor as of the country at large that the evidences of the public debt now outstanding in the shape of treasury notes, be converted into bonds bearing adequate interest, with a provision for taxation sufficient to ensure punctual payment, and final redemption of the whole debt.

The report of the Secretary of the Treasury presents the outlines of a system which, in conjunction with existing legislation, is intended to secure the several objects of a reduction of the circulation within fixed, reasonable limits; of providing for the future wants of the government; of furnishing security for the punctual payment of interest, and final extinction of the principal of the public debt; and of placing the whole business of the country on a basis as near a specie standard as is possible, during the continuance of the war. I earnestly recommend it to your consideration, and that no delay be permitted to intervene before your action on this vital subject. I trust that it will be suffered to engross your attention until you shall have disposed of it in the manner best adapted to attain the important results, which your country anticipates from your legislation.

It may be added that, in considering this subject, the people ought steadily to keep in view that the government, in contracting debt, is but their agent; that its debt is their debt. As the currency is held exclusively by ourselves, it is obvious that, if each person held treasury notes in exact proportion to the value of his whole means, each would in fact owe himself the amount of the notes held by him; and, were it possible to distribute the currency among the people in this exact proportion, a tax levied on the currency alone, to an amount sufficient to reduce it to proper limits, would afford the best of all remedies. Under such circumstances, the notes remaining in the hands of each holder, after the payment of his tax, would be worth quite as much as the whole sum previously held, for it would purchase at least an equal amount of commodities. This result cannot be perfectly attained by any device of legislation, but it can be approximated by taxation. A tax on all values has for its effect, not only to impose a due share of the burthen on the note holder, but to force those who have few or none of the notes, to part with a share of their possessions to those who hold the notes in excess, in order to obtain the means of satisfying the demands of the tax gatherer. This is the only mode by which it is practicable to make all contribute as equally as possible in the burthen which all are bound to share, and it is for this reason that taxation adequate to the public exigencies, under our present circumstances, must be the basis of any funding system or other remedy for restoring stability to our finances.

THE ARMY.

To the report of the Secretary of War you are referred for details relative to the condition of the army, and the measures of legislation required for maintaining its efficiency, recruiting its numbers, and furnishing the supplies necessary for its support.

Though we have lost many of the best of our soldiers, and most patriotic of our citizens, (the sad but unavoidable result of the battles and toils of such a campaign as that which will render the year 1863 ever memorable in our annals,) the army is believed to be, in all respects, in better condition than at any previous period of the war. Our gallant defenders, now veterans, familiar with danger, hardened by exposure, and confident in themselves and their officers, endure privations with cheerful fortitude, and welcome battle with alacrity. The officers, by experience in field service and the action of examining boards in relieving the incompetent, are now greatly more efficient than at the commencement, of the war. The association is believed to be fully justified, that, regarded as a whole, for character, valor, efficiency and patriotic devotion, our army has not been equalled by any like number of troops in the history of war.

In view of the large conscription recently ordered by the enemy, and their subsequent call for volunteers, to be followed, if ineffectual, by a still further draft, we are admonished that no effort must be spared to add largely to our effective force as promptly as possible. The sources of supply are to be found by restoring to the army all who are improperly absent, putting an end to substitution, modifying the exemption law, restricting details, and placing in the ranks such of the able bodied men now employed as wagoners, nurses, cooks, and other employees as are doing service for which the negroes may be found competent.

The act of 16th April, 1862, provides "that persons not liable for duty may be received as substitutes for those who are, under such regulations as may be prescribed by the Secretary of War." The policy of granting this privilege has not been sustained by experience. Not only has the numerical strength of the army been seriously impaired by the frequent desertions for which substitutes have become notorious, but dissatisfaction has been excited among those who have been unable or unwilling to avail themselves of the opportunity thus afforded of avoiding the military service of their country.

I fully concur in the opinion expressed by the Secretary, that there is no ground for the objection that a new provision, to include those who furnished substitutes under the former call, would be a breach of contract. To accept a substitute was to confer a privilege, not to enter into a contract, and whenever the substitute is rendered liable to conscription, it would seem to follow that the principal, whose place he had taken, should respond for him, as the government had received no consideration for his exemption. Where, however, the new provision of law would fail to embrace a substitute now in the ranks, there appears, if the principal should again be conscribed to be an equitable ground for compensation to the conscript, who then would have added to the service a soldier not otherwise liable to enrolment.

On the subject of exemptions, it is believed that abuses cannot be checked unless the system is placed on a basis entirely different from that now provided by law. The object of your legislation has been, not to confer privileges on classes, but to exonerate from military duty such number of persons skilled in the various trades, professions, and mechanical pursuits, as could render more valuable service to their country by laboring in their present occupation than by going into the ranks of the army. The policy is unquestionable but the result would, it is thought, be better obtained by enrolling all such persons, and allowing details to be made of the number necessary to meet the wants of the country. Considerable numbers are believed to be now exempted from the military service who are not needful to the public in their civil vocation.

Certain duties are now performed throughout the country by details from the army, which could be as well executed by persons above the present conscript age. An extension of the limit so as to embrace persons over 45 years, and physically fit for service in guarding posts, railroads and bridges, in apprehending deserters, and, where practicable, assuming the place of younger men detailed for duty with the nitre, ordnance, commissary and quartermaster's bureaux of the War Department, would, it is hoped, add largely to the effective force in the field, without an undue burthen on the population.

If to the above measures be added a law to enlarge the policy of the act of the 21st April, 1862, so as to enable the Department to replace not only enlisted cooks, but wagoners, and other employees in the army, by negroes, it is hoped that the ranks of the army will be so strengthened, for the ensuing campaign, as to put at defiance the utmost efforts of the enemy.

In order to maintain, unimpaired the existing organization of the army until the close of the war, your legislation contemplated a frequent supply of recruits, and it was expected that before the expiration of the three years for which the men were enrolled under the act of 16th April, 1862, the majority of men in each company would consist of those who joined it at different dates subsequent to the original muster of the company into service, and that the discharge of those who had completed their term would at no time be sufficient to leave the company with a less number than is required to enable it to retain its organization. The difficulty of obtaining recruits from certain localities, and the large number of exemptions from military service granted by different laws, have prevented sufficient accessions in many of the companies to preserve their organizations after the discharge of the original members. The advantage of retaining tried and well approved officers and of mingling recruits with experienced soldiers is so obvious, and the policy of such a course is so clearly indicated that it is not deemed necessary to point out the evil consequences which would result from the destruction of the old organizations, or to dwell upon the benefits to be secured from filling up the veteran companies as long before the discharge of the early members as may be possible. In the cases where it may be found impracticable to maintain regiments in sufficient strength to justify the retention of the present organization, economy and efficiency would be promoted by consolidation and re-organization. This would involve the necessity of disbanding a part of the officers, and making regulations for securing the most judicious selection of those who are retained while least wounding the feelings of those who are discharged.

Experience has shown the necessity for further legislation in relation to the horses of the cavalry. Many men lose their horses by casualties of service, which are not included in the provisions made to compensate the owner for the loss, and it may thus not unfrequently happen that the most efficient troopers, without fault of their own, indeed, it may be because of their zeal and activity, are lost to the cavalry service.

It would also seem proper that the government should have complete control over every horse mustered into the service, with the limitation that the owner should not be deprived of his horse except upon due compensation being made therefor. Otherwise mounted men may not keep horses fit for service; and the question whether they should serve mounted or on foot would depend, not upon the qualifications of the men, but upon the fact of their having horses.

Some provision is deemed requisite to correct the evils arising from the long continued absence of commissioned officers. Where it is without sufficient cause, it should seem but just that the commission should be thereby vacated.

Where it results from capture by the enemy, which, under their barbarous refusal to exchange prisoners of war, may be regarded as absence for an indefinite time, there is a necessity to supply their places in their respective commands. This might be done by temporary appointments to endure only until the return of the officers regularly commissioned. Where it results from permanent disability incurred in the line of their duty, it would be proper to retire them and fill the vacancies according to established mode. I would also suggest the organization of the invalid corps, and that the retired officers be transferred to it. Such a corps, it is thought, could be made useful in various employments, for which efficient officers and troops are now detached.

An organization of the general staff of the army would be highly conducive to the efficiency of the most important branch of the service. The plan adopted for the military establishment furnishes a model for the staff of the provisional army if it be deemed advisable to retain the distinction, but I recommend to your consideration the propriety of abolishing it, and providing for the organization of the several staff corps in such number and with such rank as will meet all the wants of the service.

To secure the requisite ability for the more important positions, it will be necessary to provide for officers of higher rank than is now authorized for these corps. To give to the officers the proper relation and due intelligence in their respective corps, and to preserve in the chief of each the influence and control over his subordinates there should be no gradation on the basis of the rank of the General with whom they might be serving by appointment. To the personal staff of a General it would seem proper to give a grade corresponding with his rank, and the number might be fixed to correspond with his command. To avoid the consequence of discharge upon a change of duty, the variable portion of the personal staff might be taken from the line of the army and allowed to retain their line commissions.

The disordered condition of the currency to which I have already alluded, has imposed on the government a system of supplying the wants of the army, which is so unequal in its operation, vexatious to the producer, injurious to the industrial interest, and productive of such discontent among the people as only to be justified by the existence of an absolute necessity. The report of the Secretary on this point, establishes conclusively that the necessity which has forced the bureaux of supply to provide for the army by impressment, has resulted from the impossibility of purchase by contract or in the open market, except at such rapidly increased rates as would have rendered the appropriations inadequate to the wants of the army. Indeed, it is believed that temptation to hoard supplies for the higher prices which could be anticipated with certainty, has been checked mainly by the fear of the operation of the impressment law, and that commodities have been offered in the markets principally to escape impressment, and obtain higher rates than those fixed by appraisement. The complaints against this vicious system have been well founded, but the true cause of the evil has been misapprehended. The remedy is to be found, not in a change of the impressment law, but in the restoration of the currency to such a basis as will enable the department to purchase necessary supplies in the open market, and thus render impressment a rare and exceptional process.

The same remedy will effect the result universally desired, of an augmentation of the pay of the army. The proposals made at your previous sessions, to increase the pay of the soldier by an additional amount of Treasury notes, would have conferred little benefit on him but a radical reform of the currency will restore the pay to a value approximating that which it originally had, and materially improve his condition.

The reports from the ordnance and mining bureaux are very gratifying, and the expansion of our means of supply of arms and munitions of war from our home resources, has been such as to insure our ability soon to become mainly, if not entirely independent of supplies from foreign countries. The establishments for the casting of guns and projectiles, for the manufacture of small arms and of gunpowder, for the supply of nitre from artificial nitre beds, and mining operations generally, have been so distributed through the country, as to place our resources beyond the reach of partial disasters.

The recommendations of the Secretary of War on other points, are minutely detailed in his report, which is submitted to you, and extending as they do to almost every branch of the service, merit careful consideration.

EXCHANGE OF PRISONERS.

I regret to inform you that the enemy have returned to the barbarous policy with which they inaugurated the war, and that the exchange of prisoners has been for some time suspended.—The correspondence of the Commissioners of Exchange is submitted to you by the Secretary of War, and it has already been published for the information of all now suffering useless imprisonment. The conduct of the authorities of the United States has been consistently perfidious on this subject. An agreement for exchange in the incipiency of the war, had just been concluded when the fall of Fort Donelson reversed the state of things, and gave them an excess of prisoners. The agreement was immediately repudiated by them, and so remained until the fortune of war again placed us in possession of the larger number. A new cartel was then made, and, under it, for months, we restored to them thousands of prisoners, in excess of those whom they held for exchange, and encampments of surplus paroled prisoners, delivered up by us, were established in the United States, where the men were able to receive the comforts and solace of constant communication with their homes and families.—In July last fortune again favored the enemy, and they were enabled to exchange for duty the men previously delivered to them, against those captured and paroled at Vicksburg and Port Hudson. The prisoners taken at Gettysburg, however, remained in their hands, and should have been returned to our lines on parole, to await exchange.—Instead of executing a duty imposed by the plainest dictates of justice and good faith, pretexts were instantly sought for holding them in permanent captivity. General orders rapidly succeeded each other from the bureau at Washington, placing new constructions on an agreement which had given rise to no dispute while we retained the advantage in the number of prisoners. With a disregard of honorable obligations, almost unexampled, the enemy did not hesitate in addition to retaining the prisoners captured by them, to declare null the paroles given by the prisoners captured by us in the same series of engagements, and liberated on condition of not again serving until exchanged.—They have since openly insisted on treating the paroles given by their own soldiers as invalid, and those of our soldiers, given under precisely similar circumstances, as binding. A succession of similar unjust pretentions has been set up in a correspondence tediously prolonged, and every device employed to cover the disregard of an obligation which, between belligerent nations, is only to be enforced by a sense of honor.

No further comment is needed on this subject, but it may be permitted to direct your special attention to the close of the correspondence submitted to you, from which you will perceive that the final proposal made by the enemy, in settlement of all disputes under the cartel, is, that we should liberate all prisoners held by us, without the offer to release from captivity any of those held by them.

In the meantime, a systematic effort has been made to quiet the complaints in the United States of those relatives and friends of the prisoners in our hands who are unable to understand why a cartel is not executed in their favor, by the groundless assertion that we are the parties who refuse compliance. Attempts are also made to shield themselves from the execration excited by their own odious treatment of our officers and soldiers now captive in their hands, by misstatements, such as that the prisoners held by us are deprived of food. To this last accusation the conclusive answer has been made, that in accordance with our law and the general orders of the department, the rations of the prisoners are precisely the same in quantity and quality as those issued to our own gallant soldiers in the field. And when it has been found sufficient to support them in the arduous campaign, while it is not pretended by the enemy that they receive more than by the same general rule. By an act unprecedented, perhaps unprecedented, we have hitherto allowed the prisoners in our hands to be supplied by their friends at home with comforts not enjoyed by the men who captured them in battle. In contrast to this treatment, the most revolting inhumanity has characterised the conduct of the United States towards prisoners held by them. One prominent fact, which admits of no denial nor palliation must suffice as a test. The officers of our army, natives of Southern and semi-tropical climates and unprepared for the cold of a Northern winter, have been conveyed, for imprisonment, during the rigors of the present season to the most northern and exposed situation that could be selected by the enemy. There, beyond the reach of comforts, and often even of news from home and family, exposed to the piercing cold of the northern lakes, they are held by men who cannot be ignorant of, even if they do not design the probable result.—How many of our unfortunate friends and comrades, who have passed unscathed through numerous battles, will perish on Johnson's Island, under the cruel trial to which they are subjected none but the Omniscient can foretell. That they will endure this barbarous treatment with the same stern fortitude that they have ever evinced in their country's service, we cannot doubt. But who can be found to believe the assertion that it is our refusal to execute the cartel, and not the malignity of the foe, which has caused the infliction of such intollerable cruelty on our loved and honored defenders?

TRANS-MISSISSIPPI DEPARTMENT.

Regular and punctual communication with the Trans-Mississippi is so obstructed as to render difficult a compliance with much of the legislation vesting authority in the Executive branch of the Government. To supply vacancies in office; to exercise discretion on certain matters connected with the military organizations; to control the distribution of the funds collected from taxation or remitted from treasury; to carry on the operations of the Post Office Department, and other like duties, require, under the Constitution and existing laws, the action of the President and heads of the Departments. The necessities of the military service frequently forbid delay, and some legislation is required, providing for the exercise of temporary authority, until regular action can be had at the seat of government. I would suggest especially in the Post Office Department, that an assistant be provided in the States beyond the Mississippi, with authority in the head of that department to vest in this assistant all such powers now exercised by the Post Master General, as may be requisite for provisional control of the funds of the department in those States, and their application to the payment of mail contractors, for superintendence of the local post office, and the contracts for carrying the mail; for the temporary employment of proper persons to fulfill the duties of post masters and contractors in urgent cases, until appointments can be made and for other like purposes. Without some legislative provision on this subject, there is serious risk of the destruction of the mail service, by reason of the delays and hardships suffered by contractors under the present system, which requires constant reference to Richmond of their accounts as well as of the returns of the local postmasters, before they can receive payment for services rendered. Like provision is also necessary in the Treasury Department: while, for military affairs, it would seem to be sufficient to authorise the President and Secretary of War to delegate to the commanding general so much of the discretionary powers vested in them by law as the exigencies of the service shall require.

NAVY.

The report of the Secretary of the Navy gives in detail the operations of that Department since January last, embracing information of the disposition and employment of the vessels, officers and men and the construction of vessels at Richmond, Wilmington, Charleston, Savannah, Mobile, Selma, and on the rivers Roanoke, Neuse, Pedee, Chattahoochee and Lombigbee: the accumulation of ship timber and supplies, and the manufacture of ordnance, ordnance stores and equipments. The foundries and workshops have been greatly improved and their capacity to supply all demands for heavy ordnance for coast and harbor defences is only limited by the deficiency in the requisite skilled labor. The want of such labor and of seamen seriously affects the operations of the Department. The skill, courage and activity of our cruisers at sea cannot be too highly commended. They have inflicted heavy losses on the enemy, without suffering a single disaster, and have seriously damaged the shipping interests of the United States by compelling their foreign commerce to seek the protection of neutral flags.

Your attention is invited to the suggestions of the report on the subject of supplying seamen for the service, and of the provisions of the law in relation to the volunteer navy.

POST OFFICE.

The Post Master General reports the receipts of that Department for the fiscal year ending the 30th of June last, to have been $3,337,853 01, and the expenditures for the same period $2,622,804 67. Its statement thus exhibits an excess of receipts amounting to $675,048 44 in lieu of a deficiency of more than a million of dollars, as was the case in the preceding fiscal year. It is gratifying to perceive that the Department has thus been made self sustaining in accordance with sound principle, and with the express requirement of the Constitution that its expenses should be paid out of its own revenues after the 1st March, 1 63.

The report gives a full and satisfactory account of the operations of the Post Office Department for the last year, and explains the measures adopted for giving more certainty and regularity to the service in the States beyond the Mississippi, and on which reliance is placed for obviating the difficulties heretofore encountered in that service. The settlement of the accounts of the Department is greatly delayed by reason of the inability of the first Auditor to perform all the duties now imposed on him by law. The accounts of the Department of State, of the Treasury, of the Navy, and of Justice, all are supervised by that officer, and more than enough to occupy his whole time. The necessity for a Third Auditor to examine and settle the accounts of a Department so extensive as that of the Post Office appears urgent, and his recommendation on that subject meets my concurrence.

CONDUCT OF THE ENEMY.

I cannot close this Message without again adverting to the savage ferocity which still marks the conduct of the enemy in the prosecution of the war. After their repulse from the defences before Charleston, they first sought revenge by an abortive attempt to destroy the city with an incendiary composition, thrown by improved artillery from a distance of four miles. Failing in this they changed their missiles, but fortunately thus far succeeded only in killing two women in the city. Their commanders, Butler, Neilell and Turchin, whose horrible barbarities have made their names widely notorious, and everywhere execrable, are still honored and cherished by the authorities at Washington. The first named, after having been withdrawn from the scenes of his cruelties against women and prisoners of war, in reluctant concession to the demands of outraged humanity in Europe, has just been put in a new command at Norfolk, where helpless women and children are again placed at his mercy.

Nor has less unrelenting warfare been waged by the pretended friends of human rights and liberties against the unfortunate negroes.—Wherever the enemy has been able to gain access they have forced into the ranks of their army every able bodied man they could seize, and have either left the aged, the women and the children to perish by starvation, or have gathered them into camps where they have been wasted by a frightful mortality. Without clothing or shelter, often without food, huddled, without supervision, of taking the most ordinary precautions against disease, these helpless dependants accustomed to have their wants supplied by their foresight of their masters, are being rapidly exterminated, wherever brought in contact with the [illegible] Northern man on whose department [illegible] kindly restraining influence [illegible] are treated with averted [illegible] there is little hazard in predicting that, in all districts where the enemy has gained a temporary foothold, the negroes, who, under our care, increased six-fold in number since their importation into the colonies of Great Britain, will have been reduced by mortality, during the war to not more than one half their previous number.

Information on this subject is derived not only from our own observation and from the reports of the negroes who succeed in escaping from the enemy, but full confirmation is afforded by statements published in the Northern journals by humane persons, engaged in making appeals to the charitable for aid in preventing the ravages of disease, exposure and starvation among the negro women and children who are crowded into encampments.

The frontier of our country bears witness to the sedulity and efficiency with which the general orders of the enemy have been executed in the devastation of the farms, the destruction of agricultural implements, burning the houses, and the plunder of every moveable. Its whole aspect is a comment on the ethics of the general order issued by the United States on the 24th of April, 1863, comprising "instructions for the government of armies of the U. S. in the field," and of which the following is an example:

"Military necessity admits of all direct destruction of life or limb of armed enemies, and of other persons whose destruction is indispensably necessary, and all destruction of property, and obstructions of the ways and channels of traffic, travel or communication, and of withholding of sustenance or means of life from the enemy; or the appropriation of whatever an enemy's country affords necessary for the subsistence and safety of the army, and of such deception as does not involve the breaking of good faith, either positively pledged regarding agreements entered into during the war, or supposed by the modern law of war to exist. Men who take up arms against one another in public war, do not cease, on this account, to be moral beings, responsible to one another, and to God.

The striking contrast to these teachings and practices, presented by our army when invading Pennsylvania, illustrates the moral character of our people. That such forbearance may have been unmerited and unappreciated by the enemy, it was imposed by their own self respect, which forbade their degenerating from Christian warriors into plundering ruffians assailing the property, lives and honor of helpless non-combatants. If their conduct when thus contrasted with the inhuman practices of our foe, fail to command the respect and sympathy of civilized nations of our day, it cannot fail to be recognized by their less deceived posterity.

The hope last year entertained of an early termination of the war, has not been realized. Could carnage have satisfied the appetite of our enemy for the destruction of human life, or grief have appeased their wanton desire to inflict human suffering, there had been blood shed enough on both sides, and we have been sufficiently darkened by the weeds of mourning, to induce a disposition to relent.

If unanimity in a people could dispel delusion, it has been displayed too unmistakably not to have silenced the pretence that the Southern States were merely disturbed by a factious insurrection; and it must long since have been admitted that they were but exercising their reserved right to modify their own government in such manner as would best secure their own happiness. But these considerations have been powerless to allay the unchristian hate of those, who, long accustomed to draw large profits from a union with us, cannot control the rage excited by the conviction that they have by their own folly, destroyed the richest sources of their prosperity. They refuse even to listen to proposals for the only peace possible between us—a peace which, recognizing the impassable gulf which divides us, may leave the two peoples separately to recover from the injuries inflicted on both by the causeless war now wage against us. Having begun the war in direct violation of their Constitution, which forbade the attempt to coerce a State, they have been hardened by crime, until they no longer attempt to veil their purpose to destroy our institutions and subvert the sovereignty and independence of these States. We now know that the only reliable hope for peace is in the vigor of our resistance, as the cessation of their hostility is only to be expected from the pressure of their necessities.

The patriotism of the people has proved equal to every sacrifice demanded by their country's need. We have been united as a people never were united under like circumstances before.—God has blessed us with success disproportionate to our means, and under His divine favor our efforts must at last be crowned with the reward due to men who have given all they possessed to the right cause defended their inalienable rights, their homes and their altars.

JEFFERSON DAVIS.

Richmond, Dec. 7, 1863.

FAREWELL ORDER OF GEN. BRAGG.

The following is Gen. Bragg's farewell order to his army:

General Order, No. 214.

Upon renewed application to the President his consent has been obtained for the relinquishment of the command of this army. It is accordingly transferred to Lieut. General Hardee.

The announcement of this separation is made with unfeigned regret. An association of more than two years, which bind together a commander and his trusted troops, cannot be severed without deep emotion. For a common cause, dangers passed on many hard fought fields, have cemented bonds which time can never impair. The circumstances which for this step propose will be appreciated by every good soldier and true patriot. The last appeal the General has to make to the gallant army which has so long nobly sustained him, is to give his successor that cordial and generous support so essential to the success of your arms. In that successor you have a veteran whose brilliant reputation you have aided to achieve. To the officers of my General Staff, who have so long, zealously, and success fully struggled against serious difficulties to support the army and myself, is due, in a great degree, what little success and fame we have achieved. Bidding them and the army an affectionate farewell, they have the blessings and prayers of a grateful friend.

BRAXTON BRAGG.

On assuming command, Lt. Gen. Hardee issued the following General Order:

Soldiers of the Army of Tennessee: General Bragg having been relieved from duty with this army, the command has devolved upon me. The steady courage, the unsullied patriotism of the distinguished leader who has shared your fortunes for more than a year, will long be remembered by this army and the country he served so well. I desire to say, in assuming the command, that this is no cause for discouragement. The overwhelming numbers of the enemy forced us from Missionary Ridge, but the army retired intact, and in good heart. Our losses are small, and will be rapidly repaired. The country is looking upon you. Only the weak side need be cheered by encouragement. Veterans of Shiloh, Perryville, Murfreesboro', and Chickamauga, require no such stimulant to sustain their courage. Let the past take care of itself. We can and must take care of the future.

[Signed,] W. J. HARDEE.